



NEWS RELEASE

CALIFORNIA STATE TREASURER PHILIP ANGELIDES

For Immediate Release

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ScholarShare Savings Accounts Now Completely Tax-Free

Sacramento, CA – ScholarShare, California's state-sponsored 529 college savings program, is now completely state and federally tax-free. Two new laws signed by the Governor yesterday, AB 1122 and SB 657, eliminate state taxation on withdrawals from 529 savings accounts. The change conforms state tax law to a federal law that made 529 college savings funds federally tax-free as of January 1, 2002.

"The singular purpose of the ScholarShare program is to help families save for their children's college education. Now that the program is entirely tax-free, it will stretch savings further, and enable families to better cover the soaring cost of college tuition. It is a very positive change," said State Treasurer Philip Angelides, who is Chairman of the ScholarShare Investment Board, and an early advocate of legislation to create the state tax exemption for ScholarShare account owners. Previously, investment earnings on funds deposited in ScholarShare accounts were taxable, at the beneficiary's tax rate, at the time of withdrawal for use on college expenses.

Another new benefit to the ScholarShare program is the online enrollment feature. Parents wishing to open a ScholarShare account can do so quickly and conveniently on the Internet at www.scholarshare.com.

ScholarShare features five investment options, including the recently added Aggressive Age-Based Asset Allocation Option. This investment strategy changes the investment mix between equities, bonds, and money market instruments depending on the child's age. It is based on the Age-Based Asset Allocation Option, which has a more conservative investment approach with less long-term exposure to equity markets.

Other investment options include: the 100% Equity Option, where contributions are allocated between domestic and international equity funds; the 100% Social Choice Equity Option, where contributions are invested in equities from companies not involved with tobacco, alcohol, weapons and gambling; and the Guaranteed Option, which guarantees at least a 3 percent return on principal. Except for the Guaranteed Option, returns will fluctuate and are not guaranteed.

ScholarShare funds can be used at most public and private colleges, many accredited professional and trade schools in the United States, and some schools overseas. Over 69,000 families have opened ScholarShare accounts since the program's inception in October 1999. ScholarShare funds are managed by TIAA-CREF, a leading national financial services company with over \$270 billion in assets under management.

For more information on ScholarShare, visit www.scholarshare.com, or call toll-free 1.877.728.4338.

For more information about the Golden State ScholarShare College Savings Trust, you must consult the Disclosure Booklet. Accounts representing interests in the Trust are offered only through the Participation Agreement and the Disclosure Booklet, which describes the program. Neither contributions nor investment returns in ScholarShare are guaranteed (except with respect to contributions to the Guaranteed Option). Investment results will vary based on market performance and the value of your investment can go up or down. Also, there is no guarantee or assurance that your investment objectives will be met.